

Equipment Leasing and Finance Association's Survey of Economic Activity: Monthly Leasing and Finance Index

March New Business Volume Up 9 Percent Year-over-year, 31 Percent Month-to-Month, and 17 Percent Year-to-date

Washington, DC, April 23, 2020—The [Equipment Leasing and Finance Association's](#) (ELFA) [Monthly Leasing and Finance Index](#) (MLFI-25), which reports economic activity from 25 companies representing a cross section of the \$900 billion equipment finance sector, showed their overall new business volume for March was \$8.9 billion, up 9 percent year-over-year from new business volume in March 2019. Volume was up 31 percent month-to-month from \$6.8 billion in February. Year-to-date, cumulative new business volume was up 17 percent compared to 2019.

Receivables over 30 days were 2.60 percent, up from 2.00 percent the previous month and up from 1.90 percent the same period in 2019. Charge-offs were 0.55 percent, up from 0.51 percent the previous month, and up from 0.37 percent in the year-earlier period.

Credit approvals totaled 74.2 percent, down from 74.7 percent in February. Total headcount for equipment finance companies was down 2.9 percent year-over-year.

Separately, the Equipment Leasing & Finance Foundation's Monthly Confidence Index (MCI-EFI) decreased from 46.0 in March to a historic low of 22.3 in April due to the impact of COVID-19.

[ELFA President and CEO Ralph Petta](#) said, "The increase in March new business volume data is misleading. It presents a 'tale of two cities.' During the first half of the month, economic activity and industry performance were strong, mirroring overall strength in the U.S. economy. However, during the second half of March, as the coronavirus pandemic's impact—both from a health and economic standpoint—entered the country's consciousness, all that changed. One need not look any further than the delinquency and charge-off data to understand the myriad challenges confronting U.S. businesses, both large and small, in the weeks and months ahead as this insidious disease grips the nation and our people. For now, acquiring and financing business equipment takes a back seat to critical efforts by families vitally concerned about their health and safety. Things we know: this crisis is temporary; the equipment leasing and finance industry's resilience and resolve are enduring."

[Nancy Pistorio, CLFP, President, Madison Capital LLC](#), said, "March results for the equipment finance industry illustrate how robust activity was as we headed into the final month of the first quarter. However, due to coronavirus-induced containment measures, many businesses began to close in mid-March and, not unexpectedly, delinquency is beginning to rise. As evidenced by declining approvals, new business is and will continue to be negatively impacted. This will be an extremely challenging time for our industry. I believe independents in the small-ticket space will be hit particularly hard as their customers—small and medium-sized businesses—struggle to survive in the wake of widespread shutdowns. With a developing global economic recession, the Equipment Leasing & Finance Foundation currently projects an 8.6% to 13.5% contraction in equipment and software investment for this year. Government officials relaxing stay-at-home orders and allowing those at low risk to return to work under a responsible plan, sooner rather than later, will be essential in mitigating further economic decline."

About ELFA's MLFI-25

The MLFI-25 is the only index that reflects capex, or the volume of commercial equipment financed in the U.S. The MLFI-25 is released globally at 8 a.m. Eastern time from Washington, D.C., each month on the day before the U.S. Department of Commerce releases the durable goods report. The MLFI-25 is a financial indicator that complements the [durable goods report](#) and other economic indexes, including the [Institute for Supply Management Index](#), which reports economic activity in the manufacturing sector. Together with the MLFI-25 these reports provide a complete view of the status of productive assets in the U.S. economy: equipment produced, acquired and financed.

The MLFI-25 is a time series that reflects two years of business activity for the 25 companies currently participating in the survey. The latest MLFI-25, including methodology and participants, is available at www.elfaonline.org/Data/MLFI/.

MLFI-25 Methodology

ELFA produces the MLFI-25 survey to help member organizations achieve competitive advantage by providing them with leading-edge research and benchmarking information to support strategic business decision making.

The MLFI-25 is a barometer of the trends in U.S. capital equipment investment. Five components are included in the survey: new business volume (originations), aging of receivables, charge-offs, credit approval ratios, (approved vs. submitted) and headcount for the equipment finance business.

The MLFI-25 measures monthly commercial equipment lease and loan activity as reported by participating ELFA member equipment finance companies representing a cross section of the equipment finance sector, including small ticket, middle-market, large ticket, bank, captive and independent leasing and finance companies. Based on hard survey data, the responses mirror the economic activity of the broader equipment finance sector and current business conditions nationally.

About ELFA

The Equipment Leasing and Finance Association (ELFA) is the trade association that represents companies in the nearly \$1 trillion equipment finance sector, which includes financial services companies and manufacturers engaged in financing capital goods. ELFA members are the driving force behind the growth in the commercial equipment finance market and contribute to capital formation in the U.S. and abroad. Its 575 members include independent and captive leasing and finance companies, banks, financial services corporations, broker/packageers and investment banks, as well as manufacturers and service providers. For more information, please visit www.elfaonline.org.

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ELFA is the premier source for statistics and analyses concerning the equipment finance sector. Please visit www.elfaonline.org/Data/ for additional information.

The Equipment Leasing & Finance Foundation is a 501c3 non-profit organization that propels the equipment finance sector and its people forward through industry-specific knowledge, intelligence, and

academic outreach programs that contribute to industry innovation, individual careers, and the overall betterment of the \$900 billion equipment leasing and finance industry. The Foundation is funded through individual and corporate donations. Learn more at www.leasefoundation.org

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